

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0872-03
Bill No.: HB 291
Subject: Licenses - Motor Vehicle; Motor Vehicles; Revenue Department
Type: Original
Date: March 8, 2011

Bill Summary: This proposal requires window stickers to show current motor vehicle registration instead of license plate tabs.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	(\$669,843 to Unknown)	(\$1,069,562 to Unknown)	(\$1,069,562 to Unknown)
Total Estimated Net Effect on General Revenue Fund	(\$669,843 to Unknown)	(\$1,069,562 to Unknown)	(\$1,069,562 to Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Highway Fund	\$971,738	\$1,943,477	\$1,943,477
Total Estimated Net Effect on <u>Other</u> State Funds	\$971,738	\$1,943,477	\$1,943,477

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 10 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	\$323,913	\$647,825	\$647,825

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions and Professional Registration, Department of Transportation, Office of State Auditor, and the Department of Public Safety - Missouri State Highway Patrol** state this proposal will have no fiscal impact on their respective agencies.

According to officials from the **Office of Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the proposal. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

According to officials from the **Joint Committee on Administrative Rules (JCAR)**, this proposal should not create any additional fiscal impact above current appropriations to JCAR.

Officials from the **Department of Corrections - Missouri Vocational Enterprises** state that the color of the license tab indicates the year of the expiration of the license. Passage of this proposal may require the tabs or window stickers have the license registration information recorded on them to correlate with the license plate issuance for vehicles, motorcycles and trailers. MVE cannot provide tabs or windows stickers with this information because (at the time of manufacture) MVE will not know whether the consumer is purchasing a one or two-year registration, therefore not knowing which color of tab to make. Due to this conflict, fiscal impact for DOC is unknown per each fiscal year.

Officials from the **Department of Revenue (DOR) - Motor Vehicle Bureau (MVB)** provided the following assumptions relating to this proposed legislation:

Administrative Impact - MVB

- Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours of overtime at a cost of \$805 in FY12.

ASSUMPTION (continued)

- The DOR web site will need to be updated to include information regarding window stickers. This will require 10 hours of overtime for an Administrative Analyst III, at a cost of \$218 in FY12.
- Develop an instruction pamphlet to provide to the offices for the citizens on the requirements on how to display the window stickers.

183 offices x 200 pamphlets (36,600 x .06	\$2,196
1 Management Analyst to develop form (40hrs x \$20.13)	\$ 805

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. **Oversight** assumes DOR could absorb the personal service costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

Information Technology - OA-ITSD (DOR)

System Modifications:

Based on information provided by the business unit a vendor would produce enhanced security window stickers and the Missouri Vocational Enterprises (MVE) would produce stock window stickers. DOR would issue both.

Title and Registration Intranet Processing System (TRIPS) changes would include:

- Modify the registration replacement process to issue a window sticker stock for non-enhanced security tab offices and enhanced window sticker for enhanced security tab office.
- Modify the Office Profile to include an Enhanced Security Tab (EST) Office indicator and programming changes in the registration processes to read the indicator instead of the inventory number.
- Modify the registration processes to read kind of vehicle (KOV) to determine whether to issue window sticker or tab.
- Create a new Web Service to provide the vendor with enhanced security window sticker data.

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ASSUMPTION (continued)

- Revise the renewal print program to inform applicants about the window sticker.
- Revise TRIPS to issue/accommodate a window sticker with any vehicle information that is determined as necessary.
 - o TRIPS will also need to require an \$8.50 replacement fee for every transfer that occurs, except on motorcycles and trailers, when a new window sticker is issued.
 - o These systems will still need to accommodate tabs for cycles and trailers.
- Appropriate changes will need to be made to the inventory system.

Missouri Online Registration Exchange (MORE) changes would include:

- Modify MORE processes to create two files (one for tabs and one for window stickers) based on KOV information and providing to vendors.

The IT portion of the fiscal impact is estimated with a level of effort valued at \$50,880 based on using 3 FTE for 1,920 hours.

Oversight assumes OA-ITSA (DOR) is provided with core funding to handle a certain amount of activity each year. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

Revenue Impact

It is assumed the window stickers will be issued the same as tabs are issued today.

On Demand Window Stickers

Currently, DOR issues "Enhanced Security Tabs on Demand" in 13 license offices and mail-in, walk-in, and online transactions conducted at the central office in Jefferson City. DOR pays \$.295 for each set of tabs. Assuming a window sticker cost of \$.46 to \$1.21, the net cost difference would be \$.165 to \$.915 by going from two tabs to one window sticker.

The range in the assumed impact is due to uncertainty as to what the bid specifications of enhanced security window stickers will look like and the bid responses DOR would receive. Assuming the bids for this proposal will be similar to the enhanced security tabs on demand

ASSUMPTION (continued)

program, the fiscal note has been calculated with a cost per window sticker ranging from \$0.46 to \$1.21.

There are an estimated 889,200 tabs on demand issued by license offices annually. It is assumed for FY12 an additional 10% would be required to ensure inventory levels are sufficient.

Estimated cost range for this portion of the proposal is \$162,279 to \$495,729 in FY12 (6 months) and \$146,718 to \$813,618 in FY13 and FY14.

Stock Supply Window Stickers:

The remaining offices will issue non-correlating window stickers from a stock supply manufactured through Missouri Vocational Enterprises.

Based on discussions with the current Missouri vendor (who is also Texas' vendor) the estimated cost will be \$.46 for each window sticker.

Under this proposal, all vehicles, except motorcycles and trailers, would be issued one window sticker in lieu of any license plate tab.

Currently, the Department pays \$.17 for each set of tabs. Assuming a window sticker cost of \$.46 each, the net cost difference would be \$.29 by going from two tabs to one window sticker.

DOR orders on average 3,182,222 sets of tabs. It is assumed for FY12 an additional 10% would be required to ensure inventory levels are sufficient.

Estimated cost for this part of the proposal is \$553,706 in FY12 (6 months) and \$922,844 in FY13 and FY14.

This will result in a total cost increase for stickers as shown below:

	<u>FY12 (6 mos)</u>	<u>FY13 & 14</u>
On Demand Window Stickers	\$162,279-\$495,729	\$146,718 - \$813,618
Stock Supply Window Stickers	\$553,706	\$922,844
Total Cost	\$715,985 - \$1,049,435	\$1,069,562 - \$1,736,462

ASSUMPTION (continued)

Oversight assumes DOR will be able to contract for “On Demand Window Stickers” at a cost similar to the “Stock Supply Stickers”. For fiscal note purposes, **Oversight** will show the cost of the “On Demand Window Stickers” as follows: $444,600 + 44,460 = 489,060 \times .165 = \$80,694$ for six months of FY 12 and \$146,718 annually thereafter.

Oversight calculated the cost for a six month supply of “Stock Supply Stickers” as follows: $1,591,111 + 159,111 = 1,750,222 \times .29 = \$507,564$.

Total cost of window stickers for FY 12 would be \$669,843 and \$1,069,562 per year thereafter.

Oversight assumes DOR will need an appropriation from General Revenue to implement this legislation due to the 3% cap from Amendment 3.

§301.140 - \$8.50 License Plate Transfer Fee Increase

During FY10 DOR processed 304,859 license plate transfers which requires a plate and window sticker change. There will be an increase in revenue from the \$8.50 replacement window sticker fee of \$2,591,302 per year distributed as follows:

	FY 12 (6 months)	FY 13 & FY 14
Highway Fund (75%)	\$ 971,738	\$1,943,477
Cities (15%)	\$ 194,348	\$ 388,695
Counties (10%)	<u>\$ 129,565</u>	<u>\$ 259,130</u>
Total	\$1,295,651	\$2,591,302

DOR currently has 2,755,091 tabs for the years 2011, 2012, and 2013 in stock at contract offices across the state and in storage. It is assumed the Department would need to destroy all tabs currently in offices as each tab has an identifying number and replace them with one window sticker. The Department has paid \$.17 per set of tabs at a cost of \$468,365. The single tabs currently in stock would still need to be maintained for motorcycles and trailers and are not included.

Officials from the **Columbia Police Department**, **Boone County Sheriff's Department**, and the **Springfield Police Department** state this proposal will have no fiscal impact to their respective law enforcement agencies.

ASSUMPTION (continued)

Officials from **Raytown, Kansas City, St Louis County, and St Charles County** state this proposal will have no fiscal impact on their respective political subdivisions.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (6 Mo.)	FY 2013	FY 2014
GENERAL REVENUE			
Cost - Department of Corrections - Missouri Vocational Enterprises - Window sticker production	(Unknown)	(Unknown)	(Unknown)
Cost - Department of Revenue - Window sticker cost	<u>(\$669,843)</u>	<u>(\$1,069,562)</u>	<u>\$1,969,562</u>
ESTIMATED EFFECT ON GENERAL REVENUE	<u>(\$669,843 to Unknown)</u>	<u>(\$1,069,562 to Unknown)</u>	<u>(\$1,069,562 to Unknown)</u>
HIGHWAY FUND			
<u>Income</u> - Transfer fee increase	<u>\$971,738</u>	<u>\$1,943,477</u>	<u>\$1,943,477</u>
ESTIMATED NET EFFECT ON HIGHWAY FUND	<u>\$971,738</u>	<u>\$1,943,477</u>	<u>\$1,943,477</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2012 (6 Mo.)	FY 2013	FY 2014
LOCAL POLITICAL SUBDIVISIONS			
<u>Income</u> - Cities - Transfer fee increase	\$194,348	\$388,695	\$388,695
<u>Income</u> - Counties - Transfer fee increase	<u>\$129,565</u>	<u>\$259,130</u>	<u>\$259,130</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$323,913</u>	<u>\$647,825</u>	<u>\$647,825</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

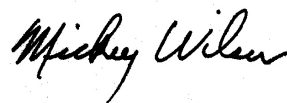
This proposed legislation requires a window sticker to be placed on the inside front windshield of a motor vehicle to show the current registration instead of the current license plate tab. A tab, instead of a window sticker, will be issued for a motorcycle or trailer registration.

The proposal becomes effective January 1, 2012.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Department of Corrections
 Missouri Vocational Enterprises
Department of Insurance, Financial Institutions and Professional Registration
Department of Transportation
Department of Public Safety
 Missouri State Highway Patrol
Joint Committee on Administrative Rules
Office of Secretary of State
 Administrative Rules Division
Local Law Enforcement
 Columbia Police Department
 Springfield Police Department
 Boone County Sheriff's Department
Cities
 Raytown
 Kansas City
Counties
 St Louis County
 St Charles County



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